

Nestor Healthcare Group Limited

Directors' report, strategic report and financial statements

Year ended 31st January 2014
Registered number 1992981

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Directors' report, strategic report and financial statements

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Directors' report

The directors are pleased to present their annual report and the audited financial statements for the year ended 31st January 2014. Comparative figures are presented for the year ended 31st January 2013.

Basis of preparation

The results have been prepared in accordance with UK Generally Accepted Accounting Principles ("UK GAAP"), consistent with preparation of the financial statements of Acromas Holdings Limited which has been the Company's ultimate holding company since 1st February 2011.

Directors

Directors who served during the period were as follows:

PJV Dixon
MA Ellis (resigned 31st July 2013)
DS Gibson (appointed 1st April 2013)
JA Goodsell
SM Howard
MB Jackson
TM Pethick
JH Whitehead (appointed 30th January 2014)

Following the year end, LHL Batchelor was appointed as a director on 23rd April 2014, and JM Benson and RM Preece were both appointed as directors on 8th May 2014.

Directors' interests

The only interests of directors in the share capital of the Company were as shown in the table below:

	Ordinary shares		SAYE Scheme	
	31 01 14	31 01 13	31 01 14	31 01 13
M Ellis	-	-	-	20,814

Options held by M Ellis under the Save As You Earn scheme vested and were exercised in July 2013. The exercise price was 43.60 pence per share, with all new shares then being immediately acquired by Acromas BidCo Limited (the then immediate parent company) at 110 pence per share.

Country of incorporation

The Company is incorporated in Great Britain and registered in England and Wales.

Charitable and political donations

No charitable or political donations were made during the year (2013: £nil).

Company Secretary

A Stringer resigned as Company Secretary on 31st July 2013 and was replaced by V Haynes from the same date.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office as auditors.

Going concern

The Company's business activities are described in the Strategic Report on page 4. The directors believe that the Company is capable of adequately managing its business risk. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors' responsibilities to the auditors regarding the financial statements

Each person who is a director at the date of approval of this directors' report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

- each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Approved by the Board on *12 August* 2014 and signed on its behalf by



John Whitehead
Director
Nestor Healthcare Group Limited

Registered number 1992981

Strategic report

Principal activities, business review and future developments

Nestor Healthcare Group Limited ("the Company") is an intermediate holding company for companies within the healthcare division of the Acromas group of companies, whose principal activities are the provision of services to the healthcare and homecare markets. The Company does not trade in its own right and there are currently no plans to change this.

The ultimate holding company of the Company remains Acromas Holdings Limited.

Results and dividends

The loss attributable to shareholders disclosed in the profit and loss account was £(4,000) (2013: loss of £(91,000)). No dividend has been declared or paid (2013: nil).

Principal risks and uncertainties

The principal risk for the Company derives from possible impairments to the fair value of its investments. These investments consist of (indirect) ownership of major trading subsidiaries in the healthcare and homecare sectors within the Acromas group of companies; possible impairments could arise from various commercial factors, each of which are more fully explained within the financial statements of the respective subsidiaries.

Approved by the Board on *12 August* 2014 and signed on its behalf by



John Whitehead
Director
Nestor Healthcare Group Limited

Registered number 1992981

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the strategic report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Principles ("UK GAAP"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with UK Generally Accepted Accounting Principles, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the shareholders of Nestor Healthcare Group Limited

We have audited the financial statements of Nestor Healthcare Group Limited for the year ended 31 January 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report, Strategic Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- ▶ give a true and fair view of the state of the company's affairs as at 31 January 2014 and of its loss for the year then ended,
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and the Strategic Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- ▶ the financial statements are not in agreement with the accounting records and returns, or
- ▶ certain disclosures of directors' remuneration specified by law are not made, or
- ▶ we have not received all the information and explanations we require for our audit



Benjamin Gregory (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

 2014

Profit and loss account
for the year ended 31st January 2014

	Notes	Year to 31 01 14 £'000	Year to 31 01 13 £'000
Administrative expenses		-	(5)
Operating loss	3	-	(5)
Interest payable and similar charges	4	(6)	(6)
Loss before taxation		(6)	(11)
Taxation - tax credit/(charge)	5	2	(80)
Loss for the period		(4)	(91)

All results have been derived from continuing operations

The notes on pages 11 to 14 form an integral part of these financial statements

Statement of total recognised gains and losses

for the year ended 31st January 2014

	Notes	Year to 31 01 14 £'000	Year to 31 01 13 £'000
Loss for the period	10	(4)	(91)
Total recognised losses relating to the year		(4)	(91)

Reconciliation of movements in shareholder's funds

for the year ended 31st January 2014

	Notes	Year to 31 01 14 £'000	Year to 31 01 13 £'000
Total recognised gains and losses relating to the year	10	(4)	(91)
Share capital issued	9	35	112
Share premium issued	10	116	112
Increase in share payment reserve	10	44	90
Shareholder's funds brought forward		134,488	134,265
Shareholder's funds carried forward		134,679	134,488

The notes on pages 11 to 14 form an integral part of these financial statements

Balance sheet
as at 31st January 2013

	Notes	31 01 2014 £'000	31 01 2013 £'000
Fixed assets			
Investments	6	112,705	112,661
Fixed assets		112,705	112,661
Current assets			
Trade and other debtors	7	21,968	21,798
Cash at bank and in hand		6	30
Current assets		21,974	21,828
Creditors			
Amounts falling due within one year	8	-	(1)
Creditors			(1)
Net current assets		21,974	21,827
Total assets less current liabilities		134,679	134,488
Net assets		134,679	134,488
Capital and reserves			
Called up share capital	9	12,012	11,977
Share premium account	10	72,172	72,056
Share payment reserve	10	3,443	3,399
Profit and loss account	10	47,052	47,056
Equity shareholder's funds		134,679	134,488

The notes on pages 11 to 14 form an integral part of these financial statements

The financial statements on pages 8 to 14 were approved by the Board on 12 August 2014



J Whitehead

Nestor Healthcare Group Limited
Company registration number 1992981

Notes to the financial statements

for the year ended 31st January 2014

1 Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting policies as defined in the Companies Act 2006 s 464

The Company has taken advantage of the exemption available to it under FRS 8 "Related party transactions" not to disclose related party transactions and the exemption in FRS 1 "Cash flow statements" not to disclose a cash flow statement

The financial statements have been prepared in pounds sterling which is the functional currency of the Company

The principal accounting policies are set out below

Estimates and judgements

The preparation of accounts in accordance with accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of income and expenses during the reported period. These estimates are based on historical experience and various other assumptions that management and directors believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Areas comprising critical judgements that may significantly affect the Company's earnings and financial position are the valuation of investments and of income taxes including tax enquiries and share based payments all of which are discussed in the respective notes

2 Accounting policies

Basis of consolidation and accounting reference date

The accounting reference date of the Company is 31st January. These financial statements are accordingly presented for the year ended 31st January 2014 with comparative figures for the year ended 31st January 2013

The Company has taken advantage of the exemption from preparing consolidated financial statements as at 31st January 2014 it was a wholly owned subsidiary of its ultimate parent Acromas Holdings Limited

Interest receivable and payable

Borrowing costs are recognised in the profit and loss account in the period in which they are incurred

Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable which is the rate that exactly discounts estimated future cash receipts through the expected life of the asset's net carrying amount. Dividend income from investments is recognised when shareholders' rights to receive payment have been established

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or right to pay less or to receive more tax. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that the Directors consider it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted

Investments

Investments in subsidiary undertakings are held at original cost less any provision for impairment

Cash at bank and in hand

Cash at bank and in hand comprise balances at banks together with balances of cash in hand

Share schemes and share based payments

The Company has issued equity-settled share-based payments to certain employees of a subsidiary company under the terms of various share and share option schemes including Save As You Earn share option schemes

These equity settled share based payments are measured at fair value as at the date of grant. The fair value so determined at the grant date has been expensed on a straight line basis over the vesting period in the financial statements of the subsidiary company

The expense in respect of these shares is accounted for as a capital contribution made to the subsidiary company by the Company and as such is recognised as an increase in investments in the balance sheet of the Company

Notes to the financial statements

for the year ended 31st January 2014

3 Operating loss

Operating loss is defined as loss before interest receivable and payable

The audit fee for the Company of £2 000 for the audit of the financial statements (2013 £2 000) was borne by another group company

Amounts paid to Ernst & Young LLP by the Company in respect of non-audit services for the year ended 31 January 2014 were £nil (2013 £nil)

There were no staff costs associated with the Company in the current or prior year

4 Interest payable

	Year to 31.01 14 £000	Year to 31.01 13 £000
Interest payable and similar charges		
Interest payable on bank overdrafts	(6)	(6)
Total interest payable and similar charges	(6)	(6)

5 Taxation

	Year to 31.01 14 £000	Year to 31.01 13 £000
UK corporation tax at 23.16% (2013 24.33%)	2	3
Under provision in previous years - current tax	-	(82)
Current tax credit/(charge)	2	(79)
Effect of tax rate change on opening deferred tax balance	-	(1)
Deferred tax charge		(1)
Tax credit/(charge) for the period	2	(80)

Factors affecting the current tax charge

	Year to 31.01 14 £000	Year to 31.01 13 £000
Loss at the average standard rate of corporation tax at 23.16% (2013 24.33%)	2	3
Tax relating to previous years	-	(82)
Current tax credit/(charge) for the period	2	(79)

The Finance Act 2012 reduced the main rate of corporation tax from 26% to 24% with effect from 1st April 2012 and further reduced it from 24% to 23% with effect from 1st April 2013. As this reduction was substantively enacted on 3rd July 2012 the deferred tax balance at 31st January 2013 has been stated at 23%.

A further reduction from 23% to 21% took effect on 1st April 2014 and a final reduction to 20% has been enacted in the Finance Act 2013 to take effect from 1st April 2015 as a result the deferred tax balance at 31st January 2014 has been stated at 20%.

6 Investments

	Investment in subsidiaries 31.01.2014 £000
At 1st February 2013	112 661
Capital contributions for share-based payments (note 12)	44
At 31st January 2014	112 705
At 31st January 2013	112 661

Investments comprise investments in subsidiary undertakings which are held at cost less any provision for impairment.

Except where stated the following subsidiary companies are wholly-owned including 100% voting rights, operate in the UK and are registered in England and Wales

Principal undertakings	Business
Nestor Primicare Services Limited ¹	UK healthcare services in primary and social care
Primicare Oral Health Services Limited ¹	Dental health services
Helenus Limited	Intermediate holding company

¹ The interest of Nestor Healthcare Group Limited is held through intermediate holding companies

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. A full list of subsidiary undertakings is available at the Company's registered office.

Notes to the financial statements

for the year ended 31st January 2014

7 Trade and other debtors

	Year to 31 01 14 £000	Year to 31 01 13 £000
Amounts owed by Group companies	21,966	21,796
Recognised deferred tax assets	2	2
Trade and other debtors due within one year	21,968	21,798

The Company has no unprovided deferred tax (2013: £nil)

8 Creditors

	Year to 31 01 14 £000	Year to 31 01 13 £000
Accruals and deferred income		1
Total creditors		1

9 Share capital

	31 01 2014 Number	31 01 2014 £000	31 01 2013 Number	31 01 2013 £000
Authorised	200,000,000	20,000	200,000,000	20,000
Ordinary shares of 10p each				
Allotted, issued and fully paid	31,01,2014 Number	31,01,2014 £000	31,01,2013 Number	31,01,2013 £000
Ordinary shares of 10p each	119,770,793	11,977	118,651,534	11,865
At the beginning of the period	347,491	35	1,119,259	112
Increase in the period (note 12)				
At 31st January	120,118,284	12,012	119,770,793	11,977

The ordinary shares in issue are considered by the Company to be capital in nature. The Company is not subject to any externally imposed capital requirements.

New ordinary shares were issued in the year to satisfy exercises of options under the Company's Save As You Earn sharesave scheme.

10 Share premium account and reserves

	Share premium account £000	Share payment reserve £000	Retained earnings £000
At 1st February 2013	72,056	3,399	47,056
Share based payments (note 12)		44	
Issue of shares	116	-	
Loss for the year			(4)
At 31st January 2014	72,172	3,443	47,052
At 31st January 2013	72,056	3,399	47,056

Retained earnings of the Company as at 31st January 2014 comprise £4,052,000 that is considered to be distributable (2013: £4,056,000) and £43,000,000 that is considered to be non-distributable (2013: £43,000,000). Non-distributable retained earnings represents dividends received from a subsidiary company that could not be classed as qualifying consideration.

All categories of reserve disclosed above are considered by the Company to be capital in nature. The Company is not subject to any externally imposed capital requirements.

11 Employees and directors

The Company had no employees (2013: nil) during the period.

M A Ellis (until his resignation date), P Dixon and M Jackson were remunerated by Nestor Primicare Services Limited, a fellow subsidiary of the ultimate holding company, Acromas Holdings Limited. They did not receive any emoluments during the period in respect of their services as directors of the Company (period to 31st January 2013: £nil) and it would not be practicable to apportion the emoluments between their services as directors of the Company and services as directors of other group companies. The Company has not been recharged any amount for the emoluments of these directors (period to 31st January 2013: £nil).

All other directors of the Company were remunerated by Saga Group Limited, a fellow subsidiary of the ultimate holding company, Acromas Holdings Limited. They did not receive any emoluments during the period in respect of their services as directors of the Company (period to 31st January 2013: £nil) and it would not be practicable to apportion the emoluments between their services as directors of the Company and services as directors of other group companies. The Company has not been recharged any amount for the emoluments of these directors (period to 31st January 2013: £nil).

12 Share option schemes

The following table sets out options in issue under the various Company schemes at the beginning and end of the period and movements during the period. Share options in issue expire after a certain time and exercise dates vary. Exercise rights are subject to the rules of the schemes and share options in issue are not normally exercisable until the expiry of a period of at least three years. In addition, achievement of performance targets is normally required in all schemes except the SAYE Scheme.

347,491 options (period to 31st January 2013: 1,119,259) were exercised during the period at an average exercise price of 43.42p (2013: 20.04p). The weighted average share price for share options exercised during the period was 110.00p (2013: 110.00p) equal to the price per share paid by Saga Group Limited for all shares in issue and to be issued on 1st February 2011.

The number of options that had vested and were exercisable at 31st January 2014 was nil (31st January 2013: nil).

The average exercise price of grants that lapsed in the period to 31st January 2014 was 43.60p (2013: 41.79p).

Movements in the period to 31st January 2013 were as follows:

Notes to the financial statements
for the year ended 31st January 2014

12 Share option schemes (continued)

Date of issue	Adjusted option price pence	In issue 1st Feb 2013	Granted in the period	Exercised in the period	Lapsed in the period	In issue 31st Jan 2014
Savings Related Share Option Scheme						
June 2008	41 40	28 302	-	(28 302)	-	-
April 2009	19 72	88 882	-	-	-	88 882
April 2010	43 60	476 006	-	(319 189)	(39 125)	117 692
		593 190		(347 491)	(39 125)	206 574
Total		593 190		(347 491)	(39 125)	206 574

Movements in the period to 31st January 2013 were as follows

Date of issue	Adjusted option price pence	In issue 1st Feb 2012	Granted in the period	Exercised in the period	Lapsed in the period	In issue 31st Jan 2013
Savings Related Share Option Scheme						
May 2007	140 04	1 403	-	-	(1 403)	-
June 2008	41 40	31 934	-	(3 632)	-	28 302
April 2009	19 72	1,203 551	-	(1 103 772)	(10 897)	88 882
April 2010	43 60	544 564	-	(11 855)	(56 703)	476 006
		1,781 452		(1 119 259)	(69 003)	593 190
Total		1,781 452		(1 119 259)	(69 003)	593 190

The share based payment charge calculated for the year ended 31st January 2014 is £44 000 (period to 31st January 2013 £90 000). The elements of this charge analysed by share based transaction are as follows

	Fair value of one award £	Total fair value charge Year to 31 01 14 £000	Total fair value charge Year to 31 01 13 £000
Savings Related Share Option Scheme 2007 awards	0.91 and 1.05	-	2
Savings Related Share Option Scheme 2008 awards	0.20 and 0.21	-	1
Savings Related Share Option Scheme 2009 awards	0.13 and 0.13	4	34
Savings Related Share Option Scheme 2010 awards	0.24 and 0.24	23	53
Prior year adjustment	-	17	-
Total charge		44	90

This charge which has been expensed in the financial statements of another group company forms the basis of the credit to the share payment reserve of the Company (see note 10)

13 Immediate and ultimate parent undertakings and post balance sheet event

At 31st January 2014 the Company was wholly owned by Acromas Bid Co Limited a company incorporated in Great Britain and registered in England and Wales. Following a group reconstruction on 4th March 2014 the Company is now wholly owned by Saga Mid Co Limited which is also incorporated in Great Britain and registered in England and Wales.

The financial statements of the Company have been consolidated in the group financial statements of Acromas Holdings Limited (the ultimate parent undertaking) a Company which is registered in England and Wales with registered office Enbrook Park Sandgate Folkestone Kent CT20 3SE.

Acromas Holdings Limited is the parent company of the smallest group of which the Company is a member and for which group financial statements are prepared.

On 4th March 2014 100% of the share capital of the Company was sold by Acromas Bid Co Limited to Saga Mid Co Limited in a group reconstruction.

On 29th May 2014 Saga plc an intermediate parent undertaking and the ultimate parent undertaking for the Saga group was admitted to the London Stock Exchange in respect of the year ending 31st January 2015. Saga plc will be the parent company of the smallest group of which the Company is a member and for which group financial statements are prepared.

14 Ultimate controlling party

The directors consider the controlling party to be funds advised by Charterhouse General Partners CVC Capital Partners and Permira Advisers acting in concert.